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TOP SECRET

NWC-352.13

2 April 1957

My dear Mr. Dulles:

Reference is made to your lecture, "Areas of Vulnerability of the USSR, Associates and Satellites," delivered at The National War College on 25 March 1957.

Enclosed is the stenotypist's transcription of this lecture, in duplicate. We should like to make a final copy of this lecture for our library but to be sure we have made no major errors would you please look this over and return to us the original transcription. The carbon copy is for your retention.

Please feel free to make such changes as you desire on the transcription. Unless the space is insufficient your notations may be made directly on this copy.

Again, on behalf of the College may I express our appreciation and thanks for this very fine presentation.

With kind regards, I am

Sincerely yours,

JACK H. GRIFFITH
Colonel, Infantry
Executive Officer

Enclosure - 1
Lecture in duplicate

The Honorable Allen W. Dulles
Director, Central Intelligence Agency
2430 E Street, N.W.
Washington 25, D. C.

TOP SECRET

National War College

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164378 #2

AREAS OF VULNERABILITY OF THE USSR, ASSOCIATES AND SATELLITES

By

The Honorable Allen Dulles

Presented at
The National War College
Washington, D. C.
25 March 1957

 5 copies

than Admiral Wooldridge announced, but it fits in fairly well. I think they wanted to cut down the scope of the address; so they told me that I was going to give an assessment of the world situation. If I do not succeed in the forty or fifty minutes that follow in going all the way around the world, I will at least try to touch on certain parts of it. Possibly you will feel, after I have finished, that I have posed more questions than I have answered, because I propose to present my material in part in a form of questions and then to give some clue as to what we see in the Central Intelligence Agency as possible answers, but leave those questions to you for your further consideration during the period of this year's course.

The past year has been one full of dramatic developments. I look about a year ago to the Soviet 20th Party Congress, which was highlighted by the extraordinary secret speech of Khrushchev in denouncing Stalin, that set in motion a series of actions and reactions which are still reverberating around the Soviet orbit. Following that there were the outbreaks in Poland, and then the revolt in Hungary, and reports of stirrings within the Soviet Union itself.

Then we had the Soviet program of economic penetration of the undeveloped countries, as we call them. I wish we could find some other word than "undeveloped"; I don't like it very much; but it seems hard to find a proper term. Soviet penetration, particularly in the Middle East; British-French attack on Egypt, with its

aftermath of problems; the revolt in Algeria and the civil war there. Both of these last events bring about certain changes at least in the physical position of NATO, resulting in a review of the NATO position, about which we have heard so recently from the Bermuda Conference.

And we also see Britain emerging in a modest way as the third nuclear power in the world. We are seeing now the emergence of the African problem, both in the area of particular French interest in North Africa and in what we call "Black" Africa.

In the Southeast Asian area we have seen the quietly growing threat of Red China, the influence of Red China over the overseas Chinese, and problems, particularly in Laos and in the Singapore area. The recent developments in Indonesia have also shown us the general instability in that area of new countries, new ambitions, new yearings — the general threat to the authority of the somewhat unstable central governments.

In fact, over the past year, it has been only in Latin America and parts of the Far East where there has been relative calm; and in the latter, who knows whether it may not be the calm before the storm.

In view of the impossibility of attempting an over-all world survey, I propose, as I said before, to present certain problems, with some of our intelligence thinking on them as a basis for your questions this morning and for your further study. I frankly admit that I enjoy the question period more than the presentation period. I don't know any audience where I find I get more direct, pointed and indiscreet questions; and there are few audiences where I feel

I can answer them with as much frankness as I can here.

Since the USSR is our major problem, I will start with that.

The first question I pose is: How strong is the Soviet Union as compared with the United States?

I have found that among the people that are considered specialists on the area of Russia there are two very distinct schools of thought. There are those who present Russia as very strong, leading the United States in a great many fields. At the other end of the spectrum one finds a group of people who think that we are inclined very greatly to overrate Russia, particularly in the industrial field.

I am planning and hope to send out invitations in a few weeks to about ten of the leading proponents of the two schools; put them in a room together on opposite sides of the table, and after an introduction, promptly withdraw and leave them to fight it out, and see whether, when they get through, there is anybody alive in the room. I don't know what will come out of such a discussion, but I think it may be well worthwhile to have it.

I think our own answer to this problem in the agency, insofar as we have one, is that the Soviet Union is extraordinarily good in those technical and industrial fields to which it assigns top priority. There is every reason to believe that they are good, although not as good as we are and not as far advanced as we are I believe, in the nuclear field. However, they are highly competent in that field and we must assume, I think, that they can probably

do there what we can do. They certainly assign it a very top priority.

I believe the same would apply in the general field of electronics and radar, where maybe they are ahead of us. Certainly their electronics and radar equipment is of the very best.

I think in the general field of aeronautics, both engines and airplanes, they are good. I won't say that they are as good as we, although I think there is some question as to whether they are as good as we in the field of jet engines, but certainly they are extremely strong.

I would be inclined to summarize, I think, by saying that they have a brilliant but unbalanced economy. Because of their emphasis on the heavy industry and the military side, they have paid relatively little attention to consumers' goods. There is no question of their ability to build excellent televisions, radios, washing machines, automobiles, and everything of that kind; they do build them, but nothing like the quantities that we do. I think the last figures I saw were to the general effect that for every passenger automobile that they build we build sixty — roughly in that general order of magnitude; and the same applies in different percentages in these other fields I have mentioned.

As far as consumers' goods are concerned, they have done relatively little in the road-building field, as compared to ours, and the housing problem is one that will probably rise up and plague them. I think the reason for that in most cases is not that they couldn't do it, but that they can't do everything at the same time.

They have felt that in view of the armament race, in view of their desire to reach us in all areas of armament, they have had to put the stress there; and each time that they have tried to relax a bit and turn more to consumers' goods, as during the days of Malenkov, they have generally reversed their field and gone back again to the military and heavy industry.

The second question which I pose and which is very closely related to the one I have just mentioned is: How strong is the USSR in the vital military field, i.e., the delivery of nuclear weapons?

I have discussed their technical competence in creating atomic bombs. I do not believe they have yet reached the position where they consider that they have enough. They are probably on the road to that, and I should think that a period within which they will reach that is numbered by years possibly, rather than by decades. If one considers enough the ability to deal a crippling blow to the potential adversary, I believe that today the Soviet Union would consider that they are inferior to us in the ability to reach domestic targets in the United States with the means of delivery of nuclear weapons at their disposal. That is to say that, while they may have a long-range bomber of the B-52 type (BISON type) — they may have a number comparable to ours — they do not have bases near the United States - as near the United States as we have bases near their vital points, from which we could employ or deploy B-47s and medium-range bombers. I may be getting into fields that are a little bit out of

my competence, but we have in our hands, it seems to me, medium-range mobility that is of great potential because of overseas bases. Their medium-range systems are not as effective against the United States as our own would be against them. I should imagine that they are along with us in the field of ballistic guided missiles. It is a very hard thing to judge; but until they have an ICBM, their intermediate-range missiles would have great value as a blackmailing weapon against Europe, large parts of which in Western Europe could probably be reached with missiles that they have at the present time, but they could not reach the United States. They are undoubtedly striving for longer-range missiles, just as we are.

Of course, one has the problem of submarines. When they have nuclear-powered submarines and guided missiles that they could send from submarines, that will give them a new element of nearness. It raises a question that we are giving a great deal of consideration to; that is, whether they could put their foreign policy and their whole future of their country at the mercy of a weapon which cannot possibly be quickly deployed in this sense, that they are going to post submarines off our coast when they get them. They have not yet got a submarine, we believe, with nuclear-power and guided-missile capability, but will get them sooner or later. They could put those submarines off our coast, but they would have to set them in position days and weeks before planned attack, and it would be a tricky business - sending those out with that delay between the intention to attack and the ability to deliver an attack. That creates a diplomatic

problem and a technical problem for them. I don't say they might not risk it, but it is an element in the picture that should be considered.

A third question that relates to the two that I have just mentioned is this: When the USSR does acquire enoughness in nuclear bombs and delivery means -- assuming that in the interim neither side has made a dramatic breakthrough, giving a clear acknowledged superiority -- do we reach in effect a nuclear stalemate? And what will be the effect of a nuclear stalemate?

That is something you have probably given a lot of thought to, and I don't know that I have any answer to it; that is, of course, assuming that all our efforts for disarmament do not reach some practical solution in the meantime. Will we then have a situation when neither side will dare to move because of the realization that even though one or the other might get the benefit of surprise it would probably not be in a position to completely knock out the possibility of retaliation; and that possibility of retaliation would mean that the attacker would suffer grievous harm. And, for the men in the Kremlin who are very much interested in protecting their own power and positions, the question arises as to whether they would take those risks. That, I think, is one of the great unanswered questions today. And if in your studies you can throw any light on it, I know we would all like to benefit from it.

Of course, the question of the strength of the USSR and its intentions becomes the first and most critical requirement of

intelligence; and I would say that we are spending a good deal more than half our time on that one problem. I find that it is a very sensitive subject, too. When I go up to Congress for my budget, I get a good many pointed questions on this particular subject before they give me my appropriation. And I now find that the intelligence community is criticized, and the attacks are rather leveled at me particularly. But we have been responsible for what they call "a $900-million booble".

This $900-million booble, so called -- which I don't think really was a booble, but, still, others have a right to judge, I suppose -- resulted from a change in our estimate late last summer and early fall in our estimate of the number of BISONs which the Russians have. The estimate which we had prepared earlier last year was based very largely on an estimate of the possible production, from a relatively firm base, as to how many they had as of a certain earlier date. Now we find that the Soviets have problems and complicated developments such as the BISON represents. I can't say that it was necessarily because of "bugs" that they found in their earlier models or whether they found certain improvements that they thought they could introduce. But, in any event, it seems clear -- at least, evidence showed to us to our satisfaction and our entire intelligence community as we reviewed it last year -- that they have not constructed as many BISONs as we had estimated they would construct. Therefore, we got out a new estimate based not on any budgetary considerations or any political considerations but based on the facts

of the situation, where we downgraded the number we would expect that they would have as of the first of the year (last year).

It never helps very much when these things get out to the public. But that did get out due to certain congressional hearings; and the accusation has been brought that this was done for some budgetary consideration. I think I persuaded the congressional leaders that such was not the case. I told them very frankly that I proposed to change estimates in consultation with the rest of the intelligence community as we get new evidence, that I will change them upwards, sideways, and any other ways that the facts seem to require, and that I shall do it without regard to any budgetary considerations or any other extraneous facts. That is my job and I may say, to the credit of all the rest of the community, that I have never found that even those particular branches of the service that might theoretically profit by higher or lower estimates have not been at all reluctant to face up to the facts and to reach the conclusions that the facts required.

The next question I would like to present to you is this: Are there real signs of evolution in the Soviet structure?

There is a lot of difference of opinion. There have been changes; I think no one will doubt that. After Stalin's death, the secret police was reorganized; their overt powers were cut down; they weren't, of course, done away with, but they were put, to some extent, under ground. An effort was made not to try to meet the people's needs for consumers' goods. That was in part reversed,

but there is no doubt that there was a relaxation.

Then we had the Khrushchev denunciation of Stalin at the 20th Party Congress, to which I referred. It was released in this country since the Russians never published it themselves in their own country. I imagine most of you read that. I think it is one of the remarkable documents of 1956.

Mr. Khrushchev felt he had to go as far as he did in blackening Stalin's reputation, even in the military field. I find it hard to explain. I have talked to Russian experts about it and I am not wholly satisfied with their explanation. But certainly Khrushchev felt that he had to give the Soviet party leaders a shock to explain a change in the trend and a departure from Stalinism; and he certainly did it. He set forth forces in the whole Soviet orbit which they have had great difficulty in controlling. There may be now a slight trend back towards Stalinism. I doubt very much, however, whether they can return the whole way. They are watching with grave apprehension what is going on in Poland following the shock they received in Hungary.

For several years I have defended the thesis, which is possibly not novel but maybe I started it going in this country more than anyone else, that you can't educate people to the extent the Russians are now educating their people without vilifying the critical sense of the human being. They have tried to specialize in their education on the scientific field, and they are turning out more graduates in science than we are — percentagewise many

more; that is to say, roughly half the graduates in the upper grades in the Soviet Union are in the various scientific fields; whereas, our percentage would be nearer 25 or 30, as against their 50 percent. But I don't believe you can even train a scientist in pure mathematics without awakening his critical thinking processes, which will not be limited to the field of mathematics but to roam around the whole gamut of the intellectual process. It has created a great problem for them.

I note from a book that Wendell Willkie wrote about his trip around Russia (I think during the days of the war or just before -- anyway, it was many years ago), in which he remarked to Stalin that he had been looking over the Soviet educational system and he thought Stalin might be educating himself out of a job.

Well, something of that kind, it seems to me, is happening. It may take quite a long while; and it may be arrested. My theory may be all wrong. But, not only in the student body, where we have very firm evidence of unrest, of questioning the regime, of demanding more information, of showing dissatisfaction with what they are getting in Pravda, Izvestia, and the other Soviet publications, but also in the industrial field, the plant management, there is beginning to be restiveness at the control from Moscow and from the Party. You have probably seen some reference in a recent publication called "Not by Bread Alone" - a book that epilogizes the Russian bureaucratic structure and the problems that the young inventor had in trying to get any consideration for his work. It

is coming out in this country quite shortly. It caused a sensation in the Soviet Union, where it was sold freely and was one of the subjects of student discussions throughout their universities.

I was interested to see that even Emanuel Aronsberg, one of the more interesting of Russian writers, rose to the defense of American culture the other day. I don't quite understand that. I always had a warm place in my heart for him, because two or three years ago, when he was giving a year-end summary (I think about the end of 1952 or 1953), he included in an article a little statement about me. He said: "If that spy, Allen Dulles, would ever pass the pearly gates, he would be found mining the clouds, shooting the stars, and swallowing the angels." And now he is defending American culture.

This development that we see in the Soviet Union -- I won't yet say it is an evolutionary development, but it seems to smack of that. It is probably just beginning; it hasn't reached great proportions; it may be still under control.

This movement raises the question as to what we should do about cultural exchanges. They are going forward, as you know, quite actively. Delegations of farmers, cooks, industrialists, and all types of people are coming over here; and we are sending delegations to the Soviet Union. Ours are very largely private. Theirs, of course, are governmental delegations and are heavily infiltrated with the M.V.D. Should we continue them? Should we resume them, rather? As an intelligence officer, I would like to see them resumed.

We get some information out of them -- nothing sensational, but we keep more abreast of what is going on in the Soviet Union if the Americans are able to travel there. And I suppose they get some benefit out of it, because they wouldn't be doing it themselves if they didn't benefit from sending people over here. That is one of the problems we are facing and bears to some extent upon the possibility of a fillip to this movement of evolution within the Soviet Union.

The next point relates to the question of Russian satellites: What will be the future trend of their policy?

The Soviet-Yugoslav relationship has been one of the most interesting topics during the last three years, ever since Khrushchev and Bulganin & Company went down to Belgrad and made their amends, or tried to make their amends, to Tito. And then, as we go along with these negotiations, we come to the visit of the Yugoslavs later to Moscow, where this theory of different roads to Socialism was one of the subjects of conversation.

It always seemed to me that when the Soviet Union admitted the different roads to Socialism they had put one nail in their coffin. I hope I am right. I don't think one could admit a heresy of that kind in a totalitarian system without grave consequences; and I think those consequences showed themselves in Poland and in Hungary, although I would not claim that they were the direct forerunners of that.

Hungary, it seems to me, went further than any event that

has happened since 1917 to show the bankruptcy of Communism. I don't know whether you have read the extraordinary article of Djilas, the Yugoslav, last November, which was published in this country. He went to jail for the article. He pointed out more clearly than anyone behind the Iron Curtain (possibly not behind the Iron Curtain but in the Communist world, since Yugoslavia is not behind the Iron Curtain) in pointing out what the events of Hungary meant. I will quote just a couple of phrases from the article, which I think is going to go down in history.

> ". . . Despite the Soviet repression in Hungary, Moscow can only slow down the processes of change; it cannot stop them in the long run. The crisis is not only between the USSR and its neighbors, but within the Communist system as such. National Communism is itself a product of the crisis, but it is only a phase in the evolution and withering away of contemporary Communism."
>
> And then at the conclusion of his article he states:
>
> ". . . World Communism now faces stormy days and insurmountable difficulties. . ."

That was written by a man who had long been a Communist, although not of the Stalinist Moscow type.

I wish I had more time to deal with Poland and Hungary, but that may come up in the question period.

I just want to raise this question: Why has the USSR

tolerated the developments in Poland and the intervention in Hungary?

I think the answer to that is rather clear. The Hungarians wished to destroy not only their ties with Moscow but also destroy the whole Communist bases which had been put there by the Kremlin rulers since the occupation in 1944.

Poland was willing to work out its evolution more slowly. And I think Russia felt that at any time in that period if it had to it might be able to slow up the trend in Poland, first, towards National Communism, and, then, towards anti-Communism. That situation, it seems to me, is on a razor edge now. I don't know anyone who has a harder task than Gomulka. If Gomulka steps over the line, the Russians might intervene again, but they recognize that an intervention in Poland, like the intervention in Hungary, would complete the destruction of their reputation in the outside world, with possible consequences in East Germany, and might even threaten a third world war.

So, while Gomulka's position is difficult, the position of Moscow vis-a-vis Poland is equally difficult, and you will have to watch there for sometime the interplay of these forces -- Poland's struggle for more freedom and Moscow's struggle to keep them from achieving any further degrees of freedom.

That raises, of course, the perennial question: For what price would the Soviet free its satellites?

There are some of our European friends, particularly in the Socialist camp in Germany, that seem to feel confident that if

the United States would agree to withdraw from Europe not only its forces but its bases that they could negotiate some sort of a deal for the Soviet withdrawal from the satellites.

I am somewhat skeptical about that. I think the Russians would like to get us discussing that very much, with the idea of undermining our position in Europe and undermining the faith of the European powers in us. Anyway, that is a subject that will certainly be discussed in certain European circles.

Finally, in regard to the satellites, I just want to raise this question: Is there anything we could have done in Hungary that we didn't do?

It is very easy for the press (and they have taken advantage of the opportunity) to beat us all over the head in the Government on the ground that we should have rushed in there. I don't know what or with what. But, anyway, there are a lot of things we generally should have done which they do not detail, and it is a disgrace that we did not do them. If we are ready for a nuclear war with the Soviet Union, it is perfectly easy to do a great many things. If we are willing to risk that, we can do many things. But those amateurs in the field of covert warfare, who think that by sending in a few bazookas and things of that kind we could have changed the situation, are, I think, wholly unrealistic. I don't think there is anything we could have done in Hungary itself. The effort would have had to be made on Russia elsewhere, with the possibility (always the possibility in our mind) that Russia would have considered it a casus belli.

Possibly not. That is one of the gravest questions we have, anyway; but I don't think there is any technical or smart answer, knowing the field of the work for which I have some responsibility.

I don't think there is anything in that field which would deal with a massive attack by Russian tanks and many divisions of foot soldiers. I have asked many of these people who raised this question to come up and give us a blueprint as to what we should do in Poland. I might be faced with that. The Poland situation is far more complicated than the Hungarian situation; there are more people involved, more divisions for the Russians to handle. If we missed the boat in Hungary, tell us what the boat is in Poland; give us a blueprint. I haven't received any blueprint that seems to me to present any great hope of handling the situation by any local technical or trick means.

I have one more point. I want to deal briefly with the Soviet economic offensive in the Free World. I have here some statistics which I have clipped out of an estimate that we are going to discuss in the CIA tomorrow as to what it amounts to insofar as we can analyze it in terms of cash or money.

These figures indicate that the total credits accepted in the Middle East amount to about $395 million. That, again, is misleading, because in that total I have $283 million representing the value of military supplies shipped to Egypt. I have a figure of $80 million representing (mostly, not totally) military supplies shipped to Syria; $9 million to Yemen; and so forth and so on. That

is mostly, as I say, military shipments and therefore does not represent any cash outlay, except the cost of transport.

In those values we give second-hand values to the MIG-15s and MIG-17s that they have delivered. There are some credit offers outstanding as of the end of last year: additional credit of $236 million to Egypt. These are offers: $220 million to Turkey; $24 million to Syria; $5 million to Saudi Arabia. A good many of these will not be accepted; or, if accepted, will only be accepted in part.

Then, if we turn to South and Southeast Asia, the major recipients there are Afghanistan - about $160 million in credits accepted; India - $285 million; Indonesia - $112 million; total - $165 million, with about $225 million in offers outstanding and unaccepted.

In the European countries, there is a large credit to Yugoslavia totaling, according to my figures here, about $465 million.

Then, there are certain credits which have been extended to Latin America: $21 million to Argentina; some to Brazil; and a little something to Mexico.

The grand total, as of the end of 1956, of credits accepted is $1,441,000,000. As I say, a large part of that is military hardware. The offers outstanding amount to about $549 million.

The number of specialists involved in this whole program (and this is a very hard figure to arrive at) is about 1,400. There are many more Russians in these countries than that figure indicates, but that is the number that we have been able to identify.

Now, dividing these credits into the type of hardware they represent, these are both the credits granted and those offered:

Arms	$357 million
Irrigation and power	$ 30 "
Agriculture	$ 22 "
Mineral development and manufacturing	$608 "

(A good deal of that is that Indian steel mill.)

Transportation and Communications	$172 "
Raw materials and capital equipment	$173 "
Others	$627 "

The "Others", which are not clearly allocated, are put down in this form because we can't identify any reliable project to which they have as yet been allocated, and it will take us some time until we find out what these particular projects are.

That gives you an idea of our estimate of the magnitude of this effort. These figures possibly make it look a little bit bigger than it is, since, as I said before, a lot of this is for obsolescent military equipment. It still has raised a lot of trouble.

I haven't the time -- maybe in the question period we can -- to go into the Middle East a little more. What the Soviet has done in Egypt and Syria has had its impacts. I am inclined to think that it has created also problems for the Soviet Union.

If we can really put the tag of Communism on these governments and make it stick, I think the governments are likely to be thrown out, because the people in these countries are not Communists.

I think that applies particularly to the Syrian situation. I don't think the government of Egypt, with all the mistakes it has made and all the problems it has created, has any great love for Communism. The situation in Syria has been more complicated, and there is more of a real Communist penetration there than there is in Egypt.

The Communists have undoubtedly made some progress in North Africa but not a great deal. I don't feel too pessimistic about that situation, although I can't exude great optimism today about an early settlement of the Egyptian-Israeli problem. That would require an entire lecture and maybe many more; and I am not sure, when I got through, you would be much wiser than you are now, because I would be a little puzzled myself. But there are prospects even there.

I am not at all sure how far the Soviet Union wants to get directly involved in the Middle East problem. It would not wish a clash with the United States in this area, in my opinion -- that is, a real clash -- and they, therefore, have to do a good deal of promising. They are putting all the pressure they can on Egypt not to accept any reasonable adjustment on the Suez Canal or the Israeli situation over the Gaza Strip or the Gulf of Aqaba. They are willing to replace the arms they sent to Egypt, but they are not enthusiastic about it, because they are quite convinced it would be many years before Egypt would absorb and use those arms in any effective way. So, while the situation is still difficult and

still unclear, it is far from being a hopeless one.

Well, now, I think I had better conclude and leave for next year a few of the notes that I have here.

I would say in conclusion that in the balance sheet that I gave you last year I included an over-all picture since 1948. While there are both pluses and minuses, I think that on the whole our relative strength vis-a-vis Communism has improved and that the momentum of its march has been slowed down and turned back through the Marshall Plan in Turkey and the Berlin Airlift. The Soviets settled for half a loaf in Korea, where they expected to get it all easily. The same is true of South Vietnam. We find in South Vietnam a miracle; and now the conditions in South Vietnam are better than in North Vietnam. It makes a show place for what can be done under a democratic regime.

The Communists had to retreat in Austria and Yugoslavia; in Hungary they have suffered the greatest defeat that Communism has suffered since 1917. Despite the tragic outcome of that, the world owes a tremendous debt of gratitude to the people of Hungary. They have proved something that a lot of people were doubting; they have proved that ten years of Communist indoctrination, rule, ruthlessness could not wipe out the basic love for freedom. People with the traditions and background of the Hungarians have made the situation of the Soviet in that whole eastern satellite zone a precarious one. And for that, as I say, I think they deserve our eternal gratitude.

Just as you can't make an omelette without breaking the eggs, you can't get freedom without risks. One of these days the Hungarians will get their freedom, and those who have been fighting for it in those tragic days of November will then have the reward that they deserve.

I think that is a good point on which to close and turn the meeting over to you for any questions that you want to ask.

Thank you very much.